

# **TANGIPAHOA PARISH CLERK OF COURT**

Amite, Louisiana

---

## **ANNUAL FINANCIAL REPORT**

As of and for the Year Ended June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/2/11

**TANGIPAHOA PARISH CLERK OF COURT**

Amite, Louisiana

**ANNUAL FINANCIAL REPORT**

As of and for the Year Ended June 30, 2010

**TABLE OF CONTENTS**

	<b>Statement</b>	<b>Page</b>
<b>Independent Auditor's Report</b> .....		<b>1</b>
<b>Required Supplementary Information (Part I)</b>		
Management's Discussion and Analysis .....		<b>4</b>
<b>Basic Financial Statements</b>		
Government-wide Financial Statements:		
Statement of Net Assets .....	<b>A</b>	<b>11</b>
Statement of Activities .....	<b>B</b>	<b>12</b>
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet - Governmental Fund .....	<b>C</b>	<b>13</b>
Reconciliation of the Governmental Fund Balance Sheet to the Government-wide Statement of Net Assets .....	<b>D</b>	<b>14</b>
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	<b>E</b>	<b>15</b>
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ..	<b>F</b>	<b>18</b>
Fiduciary Funds:		
Statement of Fiduciary Net Assets - Agency Funds .....	<b>G</b>	<b>19</b>
Notes to the Financial Statements .....		<b>20</b>
<b>Required Supplementary Information (Part II)</b>	<b>Schedule</b>	
Budgetary Comparison Schedule - General Fund .....	<b>1</b>	<b>34</b>
<b>Other Independent Auditor's Reports and Findings and Recommendations</b>		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		<b>38</b>
Schedule of Current Year Findings, Recommendations, and Responses .....		<b>40</b>
Summary Schedule of Prior Audit Findings .....		<b>42</b>
Management Letter .....		<b>43</b>

# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

John N. Durnin, CPA  
Dennis E. James, CPA  
Lyle E. Lambert, CPA

Member  
American Institute of CPAs  
Society of Louisiana CPAs

Paul M. Riggs, Jr., CPA  
Lynn N. Threton, CPA  
Robert W. Thompson, CPA

December 15, 2010

## Independent Auditor's Report

The Honorable Julian E. Dufreche  
Tangipahoa Parish Clerk of Court  
Amite, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tangipahoa Parish Clerk of Court, a component unit of Tangipahoa Parish Government, as of and for the year ended June 30, 2010, which collectively comprise the Tangipahoa Parish Clerk of Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tangipahoa Parish Clerk of Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tangipahoa Parish Clerk of Court as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010, on our consideration of the Tangipahoa Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 34 through 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

The Honorable Julian E. Dufreche  
Tangipahoa Parish Clerk of Court  
December 15, 2010

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully submitted,

*Durnin & James, CPAs*

Durnin & James, CPAs  
(A Professional Corporation)

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Tangipahoa Parish Clerk of Court**  
Amite, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
As of and for the Year Ended June 30, 2010

**Introduction**

The Tangipahoa Parish Clerk of Court (the Clerk) is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The Clerk's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Clerk's financial activity, (c) identify changes in the Clerk's financial position, (d) identify any significant variations from the Clerk's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Clerk's financial statements on pages 11 through 32 of this report.

**Financial Highlights**

- At June 30, 2010, the Clerk's assets exceeded its liabilities by \$3,538,721 (net assets). Of this amount, \$3,027,319 (unrestricted net assets) may be used to meet the Clerk's ongoing obligations to its citizens.
- For the year ended June 30, 2010, the Clerk's total net assets decreased by \$345,219 or 9%.
- At June 30, 2010, the Clerk's governmental fund reported an ending fund balance of \$3,387,684, a decrease of \$97,665 for the year. All of this amount is available for spending at the Clerk's discretion.
- For the year ended June 30, 2010, the Clerk's total debt increased by \$254,593, or approximately 184%, primarily due to the implementation of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and the resulting inclusion of \$242,706 of postemployment healthcare benefits payable.

**Overview of the Financial Statements**

The financial statement focus is on both the Clerk as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Clerk's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Clerk's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Clerk's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on the Clerk's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the Clerk is improving or deteriorating.

**Tangipahoa Parish Clerk of Court**  
Amite, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As of and for the Year Ended June 30, 2010

The Statement of Activities presents information showing how the Clerk's net assets changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the Clerk's various revenues. This is intended to summarize and simplify the reader's analysis of the cost and/or subsidy of various governmental services.

In both of the government-wide financial statements, the Clerk's activities are of a single type:

- Governmental activities - Most of the Clerk's basic services are reported here and are financed primarily through charges for services.

The government-wide financial statements include the Tangipahoa Parish Clerk of Court (component unit of Tangipahoa Parish Government) and can be found on pages 11 and 12 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clerk, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Clerk uses two categories of funds to account for financial transactions: governmental funds and fiduciary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Clerk's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk's programs. The basic governmental fund financial statements can be found on pages 13 through 18 of this report.

Fiduciary funds are used to account for assets held on behalf of outside parties. The only funds accounted for in this category by the Clerk are agency funds. The agency funds account for assets held by the Clerk as an agent for others. These funds are custodial in nature and do not involve measurement of results of operations. The basic fiduciary fund financial statement can be found on page 19 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for governmental funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Clerk's more immediate decisions on the current use of financial resources. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 14 and 18 of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 32 of this report.

**Tangipahoa Parish Clerk of Court**  
**Amite, Louisiana**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**As of and for the Year Ended June 30, 2010**

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Clerk's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on page 11 of this report.

**Net Assets**  
**June 30, 2010, and 2009**

	Governmental Activities			
	2010	2009	\$ Change	% Change
<b>Assets:</b>				
Current and Other Assets	\$ 3,419,916	\$ 3,505,095	\$ (85,179)	-2%
Capital Assets	511,402	516,849	(5,447)	-1%
<b>Total Assets</b>	<b>3,931,318</b>	<b>4,021,944</b>	<b>(90,626)</b>	<b>-2%</b>
<b>Liabilities:</b>				
Long-Term Liabilities:				
Accrued Compensated Absences	117,659	118,258	(599)	-1%
Postemployment Healthcare Benefits Payable	242,706	-	242,706	-
Other Liabilities	32,232	19,746	12,486	63%
<b>Total Liabilities</b>	<b>392,597</b>	<b>138,004</b>	<b>254,593</b>	<b>184%</b>
<b>Net Assets:</b>				
Invested in Capital Assets	511,402	516,849	(5,447)	-1%
Unrestricted	3,027,319	3,367,091	(339,772)	-10%
<b>Total Net Assets</b>	<b>\$ 3,538,721</b>	<b>\$ 3,883,940</b>	<b>\$ (345,219)</b>	<b>-9%</b>

The increase in long-term liabilities is due primarily to the implementation of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Most Louisiana Clerks of Court were required to implement GASB 45 for the first time for the year ended June 30, 2010.

Approximately 14% of the Clerk's net assets reflects its investment in capital assets (land, buildings, furniture, and equipment). These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Approximately 86% of the Clerk's net assets are unrestricted and may be used to meet the Clerk's ongoing obligations to its citizens.

At the end of the current fiscal year, the Clerk was able to report positive balances in its sole category of net assets, governmental activities. The same held true for the prior fiscal year.

The Clerk's activities decreased its total net assets by \$345,219; the decrease is attributable to its governmental activities.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Clerk's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on page 12 of this report.



**Tangipahoa Parish Clerk of Court**  
Amite, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
As of and for the Year Ended June 30, 2010

**Changes in Net Assets**  
For the Years Ended June 30, 2010, and 2009

	Governmental Activities			
	2010	2009	\$ Change	% Change
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 3,686,806	\$ 3,824,994	\$ (138,188)	-4%
General Revenues:				
Interest Income	37,459	84,062	(46,603)	-55%
Total Revenues	<u>3,724,265</u>	<u>3,909,056</u>	<u>(184,791)</u>	-5%
<b>Expenses:</b>				
General Government	3,350,694	2,961,157	389,537	13%
Operating Services	391,440	357,774	33,666	9%
Materials and Supplies	200,082	201,348	(1,266)	-1%
Travel and Education	10,274	9,904	370	4%
Depreciation	<u>116,994</u>	<u>156,181</u>	<u>(39,187)</u>	-25%
Total Expenses	<u>4,069,484</u>	<u>3,686,364</u>	<u>383,120</u>	10%
Change in Net Assets	(345,219)	222,692	(567,911)	-255%
Net Assets, Beginning	<u>3,883,940</u>	<u>3,661,248</u>	<u>222,692</u>	6%
Net Assets, Ending	<u>\$ 3,538,721</u>	<u>\$ 3,883,940</u>	<u>\$ (345,219)</u>	-9%

**Governmental Activities**

The Clerk's governmental net assets decreased by \$345,219, or 9% of the prior year ending net assets, to \$3,538,721. The decrease in net assets is \$567,911 more than the prior year increase, this difference being caused by a \$184,791 decrease in revenues and a \$383,120 increase in expenses, respectively, over prior year amounts.

The decrease in revenues noted above is primarily comprised of decreased income from suits and successions. The decrease in investment income of \$46,603 is due mainly to the decrease in rates of interest earned on investments.

The increase in expenses noted above is primarily comprised of an increase in retirement contributions, employee health insurance, and legal fees.

**Fund Financial Analysis**

As noted earlier, the Clerk uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Tangipahoa Parish Clerk of Court**  
Amite, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
As of and for the Year Ended June 30, 2010

**Governmental Funds**

The focus of the Clerk's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Clerk's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Clerk's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 13 through 18 of this report.

At the end of the current year, the Clerk's governmental fund reported an ending fund balance of \$3,387,684, all of which was available for spending at the Clerk's discretion. This represents a decrease of \$97,665 or 3% of the prior year's ending balance.

**Fiduciary Funds**

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Clerk are agency funds. The agency funds account for assets held by the Clerk as an agent for others. However, the Clerk's computer software for the Advance Deposit Fund does not produce a subsidiary ledger that reconciles with the general ledger.

These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The basic fiduciary fund financial statement can be found on page 19 of this report.

**General Fund Budgetary Highlights**

The Tangipahoa Parish Clerk of Court demonstrated legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues were within 5% of budgeted revenues and actual expenditures were within 5% of budgeted expenditures.

For the general fund, final actual revenue amounts exceeded budgeted revenues by \$35,642. Actual expenditures exceeded final budgeted amounts by \$136,294.

For the general fund, original budgeted revenues were \$3,830,550 and final budgeted revenues were \$3,688,623. Original budgeted expenditures were \$3,727,485 and final budgeted expenditures were \$3,685,636.

The general fund's original budget was amended primarily to reflect a decrease in expenditures for computer expense and office supplies and a decrease in revenue from recording documents.

**Capital Assets and Debt Administration**

**Capital Assets**

The Clerk's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$511,402 (net of depreciation). The total decrease in the Clerk's investment in capital assets for the current fiscal year was \$5,447 (net of depreciation).

Major capital asset additions during the current year were renovation of an area of the Courthouse previously used by the Tangipahoa Parish Sheriff and purchase of equipment and furniture as a result of the renovation.

**Tangipahoa Parish Clerk of Court**  
Amite, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
As of and for the Year Ended June 30, 2010

The following table provides a summary of the Clerk's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 6 to the financial statements on page 28 of this report.

**Capital Assets (Net of Depreciation)**  
June 30, 2010, and 2009

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 27,800	\$ 27,800
Buildings	163,882	135,184
Furniture	44,613	16,257
Office Equipment	41,357	26,026
Data Processing Equipment	132,020	192,143
Internet Conversion	58,765	68,167
Microfilm Conversion	<u>42,965</u>	<u>51,272</u>
Capital Assets, Net	<u>\$ 511,402</u>	<u>\$ 516,849</u>

**Long-term Debt**

At June 30, 2010, the Clerk had total long-term debt outstanding of \$360,365. The following table provides a summary of the Clerk's outstanding debt at the end of the current year as compared to the prior year.

**Outstanding Debt**  
June 30, 2010, and 2009

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Compensated Absences	\$ 117,659	\$ 118,258
Postemployment Healthcare Benefits Payable	<u>242,706</u>	<u>-</u>
Total Long-term Debt	<u>\$ 360,365</u>	<u>\$ 118,258</u>

**Contacting the Clerk's Financial Management**

This financial report is designed to provide the citizens of Tangipahoa Parish with a general overview of the Clerk's finances and show the Clerk's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Tangipahoa Parish Clerk of Court, Tangipahoa Parish Courthouse, Post Office Box 667, Amite, Louisiana 70422, telephone (985) 748-4146.

## **BASIC FINANCIAL STATEMENTS**

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement A

Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 2,978,906
Investments	300,000
Receivables	87,453
Due From Other Funds	53,557
Capital Assets, Net	<u>511,402</u>
Total Assets	<u>3,931,318</u>
<b>Liabilities</b>	
Accounts Payable	17,942
Accrued Payroll Liabilities	11,973
Due to Other Funds	2,317
Noncurrent Liabilities:	
Due Within One Year	
Accrued Compensated Absences	45,842
Due in More Than One Year	
Accrued Compensated Absences	71,817
Postemployment Healthcare Benefits Payable	<u>242,706</u>
Total Liabilities	<u>392,597</u>
<b>Net Assets</b>	
Invested in Capital Assets	511,402
Unrestricted	<u>3,027,319</u>
Total Net Assets	<u>\$ 3,538,721</u>

The accompanying notes are an integral part of these financial statements.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement B

Statement of Activities  
For the Year Ended June 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Net Revenue</u> <u>(Expense)</u> <u>and Changes</u> <u>in Net Assets</u> <u>Governmental</u> <u>Activities</u>
<b>Governmental Activities</b>			
General Government	\$ 3,350,694	\$ 3,686,806	\$ 336,112
Operating Services	391,440	-	(391,440)
Materials and Supplies	200,082	-	(200,082)
Travel and Education	10,274	-	(10,274)
Depreciation	<u>116,994</u>	<u>-</u>	<u>(116,994)</u>
Total Governmental Activities	<u>\$ 4,069,484</u>	<u>\$ 3,686,806</u>	<u>(382,678)</u>
<b>General Revenues</b>			
Interest Income			<u>37,459</u>
Total General Revenues			<u>37,459</u>
<b>Change in Net Assets</b>			(345,219)
<b>Net Assets, Beginning of Year</b>			<u>3,883,940</u>
<b>Net Assets, End of Year</b>			<u>\$ 3,538,721</u>

The accompanying notes are an integral part of these financial statements.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement C

Balance Sheet  
Governmental Fund  
June 30, 2010

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 2,978,906
Investments	300,000
Receivables	87,453
Due From Other Funds	<u>53,557</u>
<b>Total Assets</b>	<b><u>\$ 3,419,916</u></b>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities:</b>	
Accounts Payable	\$ 17,942
Accrued Payroll Liabilities	11,973
Due to Other Funds	<u>2,317</u>
<b>Total Liabilities</b>	<b><u>32,232</u></b>
<b>Fund Balance:</b>	
Unreserved (Undesignated)	<u>3,387,684</u>
<b>Total Fund Balance</b>	<b><u>3,387,684</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 3,419,916</u></b>

The accompanying notes are an integral part of these financial statements.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement D

Reconciliation of the Governmental Fund Balance Sheet to  
the Government-Wide Statement of Net Assets  
June 30, 2010

<b>Total Fund Balance, Governmental Fund</b>	<b>\$</b>	<b>3,387,684</b>
--	-----------	------------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental capital assets, net of depreciation		511,402
--	--	---------

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Compensated absences payable		(117,659)
Other postemployment obligations liability		<u>(242,706)</u>

<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>3,538,721</u></b>
--	-----------	-------------------------

The accompanying notes are an integral part of these financial statements..



Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2010

	<u>General Fund</u>
<b>Revenues</b>	
Licenses and Permits:	
Marriage Licenses	\$ 26,595
Fees, Charges, and Commissions for Services:	
Court Cost, Fees, and Charges:	
Criminal Fees	173,221
Suits & Successions	1,738,361
Court Attendance	12,480
Computer Usage	1,183
Internet Fees	132,473
Fees for Recording Legal Documents:	
Recordings, Cancellations, and Mortgages	1,302,184
Use of Money and Property:	
Interest	37,459
Miscellaneous Revenues:	
Internet Copies	78,125
Copy Room Copies	54,368
Abstractor Copies	17,492
Minute Clerk Reimbursement	14,400
Election Reimbursement	19,844
Parish Council Reimbursement - Criminal Filings	60,000
Parish Council Reimbursement - Jury Commissioners	4,227
Passports	15,075
Clerk's Supplemental Compensation	19,800
Election Qualifying Fees	975
Miscellaneous	663
Expungement	2,376
Map Copies	7,966
Criminal Appeals	4,998
	<hr/>
Total Revenues	3,724,265

(Continued)

The accompanying notes are an integral part of these financial statements.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2010

	<u>General Fund</u>
<b>Expenditures</b>	
General Government:	
Clerk's Supplemental Compensation	\$ 19,800
Compensated Absences Paid	3,411
Custodian of Voting Machines	2,400
Election Expense	1,636
Employee Health Insurance	460,482
Payroll Taxes	29,293
Retirement Contributions	454,955
Salary of Election Employees	17,954
Salary of Deputies	1,907,244
Salary of Deputies - Overtime	27,123
Salary of Official	104,860
Salary of Other Employees	10,309
Supplemental Comp Fund	41,400
Uniforms	27,720
Total General Government	<u>3,108,587</u>
Operating Services:	
Appeal Expense	2,489
Building Maintenance & Security	1,029
Clerk's Expense Allowance	12,466
Courier Service	14,834
Dues & Association Fees	60
Insurance Expense	25,932
Janitorial Service	29,485
Jury Commission	4,541
Legal Fees	103,632
Marriage License Spouse Abuse	12,654
Miscellaneous	1,354
Office Equipment Rental & Maintenance	57,197
Professional Fees	65,434
Qualifying Expense	905
Telephone	22,801
UCC Billings	36,627
Total Operating Services	<u>391,440</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2010

	<u>General Fund</u>
Materials and Supplies:	
Office Supplies	\$ 108,877
Postage	42,133
Computer Expense	45,283
Bank / Credit Card Charges	3,789
Total Materials and Supplies	<u>200,082</u>
Travel and Education:	
Auto Expense	2,705
Travel & Conventions	4,632
Training & Education	2,937
Total Travel and Education	<u>10,274</u>
Capital Expenditures:	
Buildings	39,236
Computers	9,231
Equipment	16,287
Furniture	38,240
Internet	8,553
Total Capital Expenditures	<u>111,547</u>
Total Expenditures	<u>3,821,930</u>
Excess Revenues (Expenditures)	(97,665)
Fund Balance, Beginning of Year	<u>3,485,349</u>
Fund Balance, End of Year	<u>\$ 3,387,684</u>

(Concluded)

The accompanying notes are an integral part of these financial statements.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement F

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of Governmental Fund  
to the Statement of Activities

For the Year Ended June 30, 2010

<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ (97,665)</b>
--	--------------------

Amounts reported for governmental activities in the statement of activities  
are different because:

Capital outlays are reported in governmental funds as expenditures.  
However, in the statement of activities the cost of those assets is  
allocated over their estimated useful lives and reported as depreciation expense.  
These differences consist of:

Capital outlay	111,547
Depreciation	(116,994)

Some expenses reported in the statement of activities do not require the use  
of current financial resources and therefore are not reported as expenditures  
in governmental funds. These differences consist of:

Change in compensated absences payable	599
Change in other postemployment obligations liability	<u>(242,706)</u>

<b>Change in Net Assets of Governmental Activities</b>	<b>\$ <u>(345,219)</u></b>
--	----------------------------

The accompanying notes are an integral part of these financial statements.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Statement G

Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2010

	Advance Deposit Fund	Registry Of Court Fund	Civil Jury Fund	Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,391,259	\$ 1,321,908	\$ 985	\$ 2,714,152
Investments	675,000	-	-	675,000
Due From General Fund	2,317	-	-	2,317
Total Assets	<u>2,068,576</u>	<u>1,321,908</u>	<u>985</u>	<u>3,391,469</u>
<b>Liabilities</b>				
Due to General Fund	53,337	220	-	53,557
Due to Others - Civil Suits	2,015,239	1,321,688	985	3,337,912
Total Liabilities	<u>2,068,576</u>	<u>1,321,908</u>	<u>985</u>	<u>3,391,469</u>
<b>Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**TANGIPAHOA PARISH CLERK OF COURT**  
Amite, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2010

**Introduction**

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Tangipahoa Parish Clerk of Court (Clerk) serves as the ex-officio notary public; the recorder of conveyances, mortgages, and other acts; and has other duties and powers provided by law. The Clerk is elected for a four-year term that expires June 30, 2012.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying component unit financial statements of the Tangipahoa Parish Clerk of Court have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

**B. Reporting Entity**

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on Tangipahoa Parish Government. Tangipahoa Parish Government maintains and operates the parish courthouse in which the Clerk of Court's office is located, pays the rent for an additional office in Hammond, Louisiana, and provides funds for equipment and furniture of the Clerk of Court's office if requested to do so by the Clerk of Court. Because the Clerk of Court is fiscally dependent on parish government, the Clerk of Court was determined to be a component unit of Tangipahoa Parish Government, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. Fund Accounting**

The Clerk of Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain Clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**Governmental Funds**

Governmental funds account for all or most of the Clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Clerk of Court. The following are the Clerk's governmental funds:

## Tangipahoa Parish Clerk of Court

### Notes to the Financial Statements

As of and for the Year Ended June 30, 2010

**General Fund** - the primary operating fund of the Clerk which accounts for the operations of the Clerk's office, including internet document access fees. Internet document access fees are statutory fees that may be expended for funding costs associated with the Internet-based Document Electronic Access System as provided by Louisiana Revised Statute 13:841.2.

The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Clerk's policy.

**Fiduciary Funds** - focuses on net assets and changes in net assets. The funds accounted for in this category by the Clerk are agency funds. The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, accounts for advance deposits on suits filed by litigants. The advances are refundable to litigants after all costs have been paid. The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation. Withdrawals of the funds can be made only upon order of the court. The Civil Jury Fund accounts for civil jury fees transferred from the Advance Deposit Fund and paid to civil jurors. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus but use the accrual basis of accounting.

#### **D. Measurement Focus / Basis of Accounting**

##### **Basic Financial Statements - Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Clerk as a whole. These statements include all the non-fiduciary activities of the Clerk with most of the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The Clerk does not allocate indirect expenses.

**Tangipahoa Parish Clerk of Court**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010**

**Basic Financial Statements - Governmental Funds**

The amounts reflected in the General Fund and Internet Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of the current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Clerk's operations.

The amounts reflected in the General Fund and Internet Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Revenues from recordings, copies, and other services are recognized when they become measurable and available as net current assets (i.e. when the service is performed). Substantially all other revenues are recorded when received.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Reconciliation**

Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**E. Budget and Budgetary Accounting**

The Clerk uses the following budget practices:

- The budget is adopted or amended by the Clerk of Court.
- The budget is prepared on the modified accrual basis of accounting.
- All appropriations lapse at year end.
- The budget was published in the official journal on May 20, 2009.
- The budget was made available for public inspection at the Clerk's office on June 5, 2009.
- The budget hearing was held at the Clerk's office on June 5, 2009.
- The budget was adopted by the Clerk on June 5, 2009.
- The budget was amended by the Clerk on January 29, 2010, and April 23, 2010.



**Tangipahoa Parish Clerk of Court**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010**

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and the final amended budget of April 23, 2010.

**F. Deposits and Investments**

The Clerk's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State Statutes authorize the Clerk to invest in the following types of securities:

1. Direct U. S. Treasury obligations, the principal and interest of which are fully guaranteed by the U. S. Government.
2. Fully-collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.
3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies, or by U. S. government instrumentalities which are federally sponsored, and provided such obligations are backed by the full faith and credit of the U. S. government.
4. Direct repurchase agreements of any federal bank including only securities enumerated in paragraphs (1) and (3) above. "Direct security repurchase agreement" means an agreement under which the political subdivision buys, holds for a specified time, and then sells back those securities and obligations enumerated in paragraphs (1) and (3) above.
5. Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933, and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U. S. government or its agencies.

Investments for the Clerk are reported at fair market value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**G. Short-Term Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Tangipahoa Parish Clerk of Court

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010

**H. Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk maintains a threshold level of \$500 or more for capitalizing assets.

Capital assets are recorded in the statement of net assets and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings	40 Years
Building Improvements	20 Years
Furniture	7 Years
Office Equipment	7 Years
Data Processing Equipment	5 Years
Internet Conversion	10 Years
Microfilm Conversion	20 Years

**I. Compensated Absences**

The Clerk has the following policy relating to sick and vacation leave:

**Sick Leave**

Effective December 9, 2009, after six months of employment, each employee is granted 5 days (35 hours) sick (personal) leave. New employees receive 8 days (56 hours) of sick (personal) leave on the January 1<sup>st</sup> immediately following their hire date. On the employee's anniversary date, each employee is granted 5 days (35 hours) of sick (personal) leave. At the beginning of each calendar year after the first full year of employment, each employee is granted 13 days (91 hours) of sick (personal) leave. No paid leave can be taken for the first six months. Full time employees are allowed to carry over 30 leave days from year to year; any employee having in excess of 30 leave days as of December 31, forfeits the days in excess of 30 days. Employees in good standing are compensated for unused leave at their termination of employment at the rate of \$80 per day.

After five years of employment, employees, at the Clerk's discretion, receive a total of 30 days leave for hospital confinement, surgery, or recovery from surgery, if ordered by a doctor. This is a one time benefit. After the 30 days, the employee is considered on leave without pay, provided all other leave has been exhausted. This leave is not compensated for upon termination.

**Vacation Leave**

After six months of employment, each employee is granted 5 days (35 hours) vacation leave. New employees receive 5 days (35 hours) of vacation leave on the January 1<sup>st</sup> immediately following their hire date. On the employee's anniversary date, each employee receives 5 vacation days (35 hours). At the beginning of each calendar year after the first full year of employment, each employee is granted 10 days (70 hours) of vacation leave. Employees with ten years of full-time service receive 15 vacation days, employees with twenty years of service receive 20 vacation days, and employees with thirty years of service receive 25 vacation days. Employees are paid for unused vacation or have withheld from their final check any vacation owed. Vacation may be taken for sick leave if no sick leave is accrued. Vacation must be taken in the calendar year it is granted. Vacation not taken by December 31 of each year is forfeited.

**Tangipahoa Parish Clerk of Court**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010**

**J. Restricted Net Assets**

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources as they are needed.

**K. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

Louisiana Revised Statute 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the Clerk's last year of his term of office, which amount shall be limited to no more than that which was received by the Clerk in accordance with R.S. 13:784(A) during his term of office.

The close of the current term of office will be June 30, 2012.

**L. Interfund Transactions**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Tangipahoa Parish Clerk of Court

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010

**2. Cash And Cash Equivalents and Investments**

Cash and cash equivalents and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

Statement of net assets (Statement A):	
Cash and cash equivalents	\$ 2,978,906
Investments	300,000
Fiduciary funds (Statement G):	
Cash and cash equivalents	2,714,152
Investments	675,000
Total cash and cash equivalents and investments	<u>\$ 6,668,058</u>

Deposits, investments, and other (GASB 3 and 40 disclosures) as of June 30, 2010, consist of the following:

Deposits with financial institutions:	
Interest-bearing demand deposits	\$ 2,984,779
Certificates of deposit	<u>975,000</u>
Total deposits with financial institutions	3,959,779
Investments:	
Louisiana Asset Management Pool	<u>2,708,279</u>
Total deposits and investments	<u>\$ 6,668,058</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2010, the carrying amount of the Clerk's deposits is \$3,959,779 and the bank balances are \$4,186,027. Of these bank balances, \$16,564 is uninsured and uncollateralized, \$1,075,000 is covered by FDIC insurance and \$3,094,463 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are not held in the entity's name, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair market value, with the estimated fair market value based on quoted market prices.

At fiscal year-end, the Clerk of Court's investment balances are as follows:

	<u>Reported Amount</u>	<u>Fair Value</u>
Louisiana Asset Management Pool	\$ <u>2,708,279</u>	\$ <u>2,708,279</u>
	<u>\$ 2,708,279</u>	<u>\$ 2,708,279</u>

## Tangipahoa Parish Clerk of Court

### Notes to the Financial Statements As of and for the Year Ended June 30, 2010

Louisiana Asset Management Pool (LAMP) is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities, government-only money market funds rated AA+ by Standard & Poor's, and limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity at the time of purchase in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP, Inc. issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, Louisiana 70130, or by calling (504) 525-5267.

### 3. Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure the Clerk's deposits may not be returned to it. The Clerk does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$3,111,027 of the Clerk's bank balances are exposed to custodial credit risk; \$16,564 because it is uninsured and uncollateralized, and \$3,094,463 because it is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Clerk's name.

### 4. Receivables

The receivables of \$87,453 at June 30, 2010, are as follows:

	<u>General Fund</u>
Accounts	\$ 72,022
Criminal Fees	<u>15,431</u>
	<u>\$ 87,453</u>

The Clerk considers all receivables to be collectible; therefore, no allowance has been established for doubtful accounts.

Tangipahoa Parish Clerk of Court

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010

**5. Interfund Receivables / Payables**

Summary of balances due from (to) other funds reported in fund financial statements:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 53,557	\$ 2,317
Fiduciary Funds	<u>2,317</u>	<u>53,557</u>
	<u>\$ 55,874</u>	<u>\$ 55,874</u>

Balances due to/from other funds at June 30, 2010, consist of the following:

1% Clerk's Fee, Due to General Fund from Registry of Court Fund	\$ 220
Earned Interest, Due to General Fund from Advance Deposit Fund	53,337
Credit Card Deposit Due to Advance Deposit Fund from General Fund	<u>2,317</u>
	<u>\$ 55,874</u>

Interest earned on deposits of the Advance Deposit Fund are assigned to and reported as revenue by the General Fund. The amount of interest earned by the Advance Deposit Fund for the year ended June 30, 2010, was \$4,920.

**6. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2010, for governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 27,800	\$ -	\$ -	\$ 27,800
Total Capital Assets Not Being Depreciated	<u>27,800</u>	<u>-</u>	<u>-</u>	<u>27,800</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	251,294	39,236	-	290,530
Furniture	434,228	38,240	-	472,468
Office Equipment	185,420	16,287	10,995	190,712
Data Processing Equipment	703,965	17,784	-	721,749
Internet Conversion	149,595	-	-	149,595
Microfilm Conversion	166,141	-	-	166,141
Total Capital Assets Being Depreciated	<u>1,890,643</u>	<u>111,547</u>	<u>10,995</u>	<u>1,991,195</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	116,110	10,538	-	126,648
Furniture	417,971	9,884	-	427,855
Office Equipment	142,288	18,062	10,995	149,355
Data Processing Equipment	528,928	60,801	-	589,729
Internet Conversion	81,428	9,402	-	90,830
Microfilm Conversion	114,869	8,307	-	123,176
Total Accumulated Depreciation	<u>1,401,594</u>	<u>116,994</u>	<u>10,995</u>	<u>1,507,593</u>
Capital Assets Being Depreciated, Net	<u>489,049</u>	<u>(5,447)</u>	<u>-</u>	<u>483,602</u>
Governmental Activities Capital Assets, Net	<u>\$ 516,849</u>	<u>\$ (5,447)</u>	<u>\$ -</u>	<u>\$ 511,402</u>

Tangipahoa Parish Clerk of Court

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010

**7. Compensated Absences**

At June 30, 2010, employees of the Clerk of Court have accumulated and vested \$117,659 of employee leave benefits. This amount is recorded as a liability on the statement of net assets.

**8. Pension Plan**

*Plan Description.* Substantially all employees of the Tangipahoa Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their monthly average final compensation for each year of credited service accrued on and before June 30, 1999; and 3½ per cent of their monthly average final compensation for each year of credited service accrued on and after July 1, 1999, not to exceed 100 per cent of their final-average salary. Monthly average final compensation for a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, means the average salary over the 36 consecutive or joined months that produce the highest average. For a member whose first employment making him eligible for membership in the system began on or after July 1, 2006, monthly average final compensation means the average salary over the 60 consecutive or joined months that produce the highest average.

Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information of the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

*Funding Policy.* Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Tangipahoa Parish Clerk of Court is required to contribute at an actuarially determined rate which is presently 14.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collected by the tax rolls of each parish. The contribution requirements of plan members and the Tangipahoa Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

R.S. 11:1562(C) allows the Clerk of Court to pay out of the Clerk's operating funds all or any portion of the employee's required contributions which would otherwise be deducted from the employee's salary. The Clerk has elected to pay 100% of all retirement system contributions to the Louisiana Clerks of Court Retirement and Relief Fund, which is 23% of annual covered payroll.

The Tangipahoa Parish Clerk of Court's contributions to the System for the years ending June 30, 2010, 2009, and 2008, were \$454,955, \$386,958, and 380,384, respectively, equal to the employer's and employees' required contributions for each year.

**9. Deferred Compensation Plan**

Certain employees of the Tangipahoa Parish Clerk of Court participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the

Tangipahoa Parish Clerk of Court

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2010

Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397. The Clerk does not contribute to the deferred compensation plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**10. Postemployment Healthcare Benefits**

**Plan Description.** The Clerk's defined benefit postemployment healthcare plan (the Retiree Health Plan) provides medical, dental and life insurance benefits to eligible retired employees and their beneficiaries. The Retiree Health Plan is affiliated with the Louisiana Clerks of Court Insurance Trust (LCCIT), an agent multiple-employer postemployment healthcare plan administered by the Louisiana Clerks of Court Association. The Retiree Health Plan does not issue a stand-alone financial report.

**Funding Policy.** The contribution requirements of plan members and the Clerk are established and may be amended by the LCCIT board of trustees. The Clerk contributes 100% of the cost of the current-year premiums for eligible retired plan members and 100% of the cost for retired plan members' spouses and dependent children. Surviving spouses of retirees pay 100% of the cost of their premiums. For fiscal year 2010, the Clerk contributed \$106,000 to the plan and the surviving spouses of retirees contributed \$5,113.

**Annual Other Postemployment Benefit Cost and Liability.** For 2010, the Clerk's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, which is being implemented prospectively for the fiscal year ended June 30, 2010. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years.

The total ARC for the fiscal year ended June 30, 2010, is as set forth below:

Normal cost	\$ 167,067
Amortization of the UAAL	168,228
Interest on normal cost and amortization	<u>13,411</u>
Annual required contribution	<u>\$ 348,706</u>

The following table shows the components of the Clerk's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 348,706
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	<u>348,706</u>
Contributions Made	<u>(106,000)</u>
Increase in Net OPEB Obligation	<u>242,706</u>
Net OPEB Obligation - beginning of year	-
Net OPEB Obligation - end of year	<u>\$ 242,706</u>

The Clerk's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$348,706	30.4%	\$242,706



Tangipahoa Parish Clerk of Court

Notes to the Financial Statements

As of and for the Year Ended June 30, 2010

**Funded Status and Funding Progress.** As of June 30, 2009, the actuarial accrued liability for benefits was \$4,710,294, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,975,226, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 238.5%.

**Actuarial Methods and Assumptions.** The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009, Clerk's actuarial valuation, the entry age actuarial cost method was used. Based on the Clerk's short-term investment portfolio, a discount rate of 4.0% was used. In addition, the actuarial assumptions included an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.5% after 10 years. The Clerk's unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis over 30 years. The remaining amortization period at June 30, 2010, is 29 years.

**11. Accounts, Salaries, and Other Payables**

The accounts, salaries, and other payables of \$29,915 at June 30, 2010, consist of the following:

Accounts payable	\$ 17,942
Payroll withholdings and related payables	<u>11,973</u>
	<u>\$ 29,915</u>

**12. Short-Term Debt**

The Clerk had no short-term debt outstanding at June 30, 2010, and had no short-term debt activity during the year then ended.

**13. Leases**

The Clerk of Court records items under capital leases, if any, as an asset and an obligation in the accompanying financial statements. The Clerk has no capital leases outstanding at June 30, 2010, and had no capital lease activity during the year then ended.

The Clerk has no non-cancelable operating leases outstanding at June 30, 2010, and had no operating lease activity during the year then ended.

**14. Interfund Transfers**

The Clerk made no interfund transfers during the year ended June 30, 2010.

**Tangipahoa Parish Clerk of Court**

**Notes to the Financial Statements**

**As of and for the Year Ended June 30, 2010**

**15. Risk Management**

The Clerk is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, errors and omissions, injuries, natural disasters, and many other unforeseeable events. The Clerk purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Clerk's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from prior years, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**16. Litigation and Claims**

The Clerk and several other Louisiana Clerks of Court are involved in a pending and threatened legal action. In the opinion of management, the range of potential loss from such claim and action should not materially affect the financial condition of the Clerk.

**17. Reconciliation of Advance Deposit Fund**

The Advance Deposit Fund is used to account for advance deposits in suits filed by litigants. The Clerk's computer software is unable to produce a subsidiary ledger that reconciles with the general ledger of the Advance Deposit Fund.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**  
**BUDGETARY COMPARISON SCHEDULE**

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Schedule 1

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts:</u> <u>GAAP</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget:</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Licenses and Permits:				
Marriage Licenses	\$ 30,000	\$ 30,000	\$ 28,595	\$ (3,405)
Fees, Charges, and Commissions for Services:				
Court Cost, Fees, and Charges:				
Criminal Fees	125,000	140,000	173,221	33,221
Suits & Successions	1,697,500	1,660,000	1,738,361	78,361
Court Attendance	20,000	14,000	12,480	(1,520)
Computer Usage	-	23,228	1,183	(22,045)
Internet Fees	58,000	138,000	132,473	(5,527)
Fees for Recording Legal Documents:				
Recordings, Cancellations, and Mortgages	1,500,000	1,352,000	1,302,184	(49,816)
Use of Money and Property:				
Interest	81,000	35,000	37,459	2,459
Miscellaneous Revenues:				
Internet Copies	90,000	82,000	78,125	(3,875)
Copy Room Copies	70,000	50,000	54,368	4,368
Abstractor Copies	30,000	18,000	17,492	(508)
Minute Clerk Reimbursement	14,400	14,400	14,400	-
Election Reimbursement	40,000	15,000	19,844	4,844
Parish Council Reimbursement - Criminal Filings	-	60,000	60,000	-
Parish Council Reimbursement - Jury Commissioners	4,650	4,650	4,227	(423)
Passports	15,000	15,000	15,075	75
Clerk's Supplemental Compensation	21,500	21,500	19,800	(1,700)
Election Qualifying Fees	10,000	975	975	-
Miscellaneous	500	570	663	93
Expungement	10,000	1,800	2,376	576
Map Copies	12,000	7,500	7,966	466
Criminal Appeals	1,000	5,000	4,998	(2)
<b>Total Revenues</b>	<b><u>3,830,550</u></b>	<b><u>3,688,623</u></b>	<b><u>3,724,265</u></b>	<b><u>35,642</u></b>

(Continued)  
See independent auditor's report.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Schedule 1

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts:</u> <u>GAAP</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget:</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Expenditures</b>	<u>Original</u>	<u>Final</u>		
<b>General Government:</b>				
Clerk's Supplemental Compensation	21,500	21,500	19,800	1,700
Compensated Absences Paid	-	-	3,411	(3,411)
Custodian of Voting Machines	2,400	2,400	2,400	-
Election Expense	6,000	2,400	1,836	764
Employee Health Insurance	483,500	440,000	460,482	(20,482)
Payroll Taxes	30,000	28,200	29,293	(1,093)
Retirement Contributions	435,000	448,000	454,955	(6,955)
Salary of Election Employees	35,000	16,000	17,954	(1,954)
Salary of Deputies	1,915,000	1,902,000	1,907,244	(5,244)
Salary of Deputies - Overtime	5,000	24,350	27,123	(2,773)
Salary of Official	104,860	104,860	104,860	-
Salary of Other Employees	12,000	10,000	10,309	(309)
Supplemental Compensation Fund	40,000	34,500	41,400	(6,900)
Uniforms	2,500	30,000	27,720	2,280
<b>Total General Government</b>	<b><u>3,092,760</u></b>	<b><u>3,064,210</u></b>	<b><u>3,108,587</u></b>	<b><u>(44,377)</u></b>
<b>Operating Services:</b>				
Appeal Expense	-	2,489	2,489	-
Building Maintenance & Security	500	1,020	1,029	(9)
Clerk's Expense Allowance	12,500	12,500	12,466	34
Courier Service	15,000	14,500	14,834	(334)
Dues & Association Fees	2,500	3,000	60	2,940
Insurance Expense	32,000	26,400	25,932	468
Janitorial Service	19,000	28,000	29,485	(1,485)
Jury Commission	4,650	4,650	4,541	109
Legal Fees	25,000	62,640	103,632	(40,992)
Marriage License Spouse Abuse	28,000	12,000	12,654	(654)
Miscellaneous	1,075	1,452	1,354	98
Office Equipment Rental & Maintenance	56,000	56,000	57,197	(1,197)
Professional Fees	50,000	64,000	65,434	(1,434)
Qualifying Expense	7,500	905	905	-
Telephone	25,000	23,000	22,801	199
UCC Billings	30,000	30,000	36,627	(6,627)
<b>Total Operating Services</b>	<b><u>308,725</u></b>	<b><u>342,556</u></b>	<b><u>391,440</u></b>	<b><u>(48,884)</u></b>

(Continued)

See independent auditor's report.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

Schedule 1

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts:</u> <u>GAAP</u> <u>Basis</u>	<u>Final Budget:</u> <u>Favorable</u> <u>(Unfavorable)</u>
Materials and Supplies:				
Office Supplies	90,000	83,500	108,877	(25,377)
Postage	35,000	36,800	42,133	(5,333)
Computer Expense	50,000	28,000	45,283	(17,283)
Bank / Credit Card Charges	4,000	3,070	3,789	(719)
<b>Total Materials and Supplies</b>	<b>179,000</b>	<b>151,370</b>	<b>200,082</b>	<b>(48,712)</b>
Travel and Education:				
Auto Expense	5,000	3,000	2,705	295
Travel & Conventions	5,000	5,000	4,632	368
Training & Education	3,000	3,300	2,937	363
<b>Total Travel and Education</b>	<b>13,000</b>	<b>11,300</b>	<b>10,274</b>	<b>1,026</b>
Capital Expenditures:				
Buildings	4,000	30,700	39,236	(8,536)
Computers	50,000	15,000	9,231	5,769
Equipment	-	42,000	16,287	25,713
Furniture	40,000	15,500	38,240	(22,740)
Internet	40,000	13,000	8,553	4,447
<b>Total Capital Expenditures</b>	<b>134,000</b>	<b>116,200</b>	<b>111,547</b>	<b>4,653</b>
<b>Total Expenditures</b>	<b>3,727,485</b>	<b>3,685,636</b>	<b>3,821,930</b>	<b>(136,294)</b>
<b>Excess Revenues (Expenditures)</b>	<b>103,065</b>	<b>2,987</b>	<b>(97,665)</b>	<b>(100,652)</b>
<b>Fund Balance, Beginning of Year</b>	<b>3,114,821</b>	<b>3,485,349</b>	<b>3,485,349</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 3,217,886</b>	<b>\$ 3,488,336</b>	<b>\$3,387,684</b>	<b>\$ (100,652)</b>

(Concluded)  
See independent auditor's report.

**OTHER INDEPENDENT AUDITOR'S REPORTS AND  
FINDINGS AND RECOMMENDATIONS**

# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

John N. Durnin, CPA  
Dennis E. James, CPA  
Lyle E. Lambert, CPA

Member  
American Institute of CPAs  
Society of Louisiana CPAs

Paul M. Riggs, Jr., CPA  
Lynn N. Threeton, CPA  
Robert W. Thompson, CPA

December 15, 2010

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

The Honorable Julian E. Dufreche  
Tangipahoa Parish Clerk of Court  
Amite, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tangipahoa Parish Clerk of Court, a component unit of Tangipahoa Parish Government, as of and for the year ended June 30, 2010, which collectively comprise the Tangipahoa Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Tangipahoa Parish Clerk of Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tangipahoa Parish Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tangipahoa Parish Clerk of Court's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings, recommendations, and responses as item 05-04 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tangipahoa Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions



The Honorable Julian E. Dufreche  
Tangipahoa Parish Clerk of Court  
December 15, 2010

was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings, recommendations, and responses as items 09-01 and 10-01.

We noted certain matters that we reported to management of the Tangipahoa Parish Clerk of Court in a separate letter dated December 15, 2010.

The Tangipahoa Parish Clerk of Court's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations, and responses. We did not audit the Tangipahoa Parish Clerk of Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs  
(A Professional Corporation)

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS AND RESPONSES  
As of and for the Year Ended June 30, 2010

**Internal Control over Financial Reporting**

**05-04 – Subsidiary Ledger for the Advance Deposit Fund**

**Condition:** During our audit and testing of the Clerk's Advanced Deposit Fund, we noted that the Clerk's computer system was unable to produce a subsidiary ledger to account for the individual balances maintained in the fund. The Advanced Deposit Fund is used to account for advance deposits in suits filed by litigants. Improvement is needed in this area in order to accurately account for the receipt and disbursement of funds received from litigants and to determine balances held for individual litigants. The cause of this condition appears to be a software problem. As a result, the inability of the computer system to produce a detailed subsidiary ledger for money held by the Clerk for the benefit of litigants creates an environment in which unintentional or intentional errors could occur and not be detected in a timely manner. This condition was also noted in the prior year. While considerable progress has been made by the Clerk's office in addressing this condition, we noted the account remains unreconciled.

**Recommendation:** We recommend that the Clerk continue to work with the software vendor to develop a report capable of producing a detailed subsidiary ledger that accurately accounts for the receipt and disbursement of funds received from litigants and to determine balances held for individual litigants.

**Management's Response:** Management has converted all ledger accounts for suits not included in last software conversion in an effort to reconcile the Advance Deposit Fund balance. Management is closer to the reconciliation of this balance from these efforts. Management will continue to seek out a cost effective method with a possible change in software in resolving this very complex issue. This problem is one that is experienced by many clerks statewide to the extent that the LA Clerks of Court Association is contemplating legislation to address this specific matter.

**Compliance and Other Matters**

**09-01 – Collection of Unallowed Civil Fees**

**Condition:** During our audit and testing of the Advanced Deposit Fund, we noted the Clerk is collecting an annual "Administrative Fee" and a one-time "Close-out Fee" on cases. In an attempt to reconcile the Advance Deposit Fund, the Clerk's office entered into the computer system the balances of old cases which had been inactive before the current software was implemented and were maintained in another system. Administrative fees and closeout fees totaling \$239,000 were assessed against these old, inactive cases with the remaining amount remitted to the plaintiffs or the state unclaimed property if the plaintiffs could not be located. We are unable locate any statutory authority for the assessment of these administrative fees or closeout fees by the Clerk.

**Recommendation:** In the absence of a Louisiana Attorney General's opinion authorizing these administrative fees and close-out fees, we recommend that the Clerk immediately cease the collection of these fees on all cases in the Advance Deposit computer system and refund the \$239,000 to the Advance Deposit Fund.

**Management's Response:** Management is no longer collecting any administrative or closeout fees on any suits which are currently being closed out or that will be in the future. This problem is one that is experienced many clerks statewide to the extent that the LA Clerks of Court Association is also contemplating legislation to address this specific matter.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS AND RESPONSES  
As of and for the Year Ended June 30, 2010

10-01 – Violation of Louisiana Fiscal Agency and Cash Management Law

Condition: During our audit and testing procedures over cash, we noted that \$16,564 of deposits with the Clerk's fiscal agent bank was uninsured and uncollateralized. Louisiana Revised Statute 39:1225 states that the amount of security, including FDIC insurance and other pledged collateral, shall at all times be equal to one hundred percent of the amount of collected funds on deposit.

Recommendation: We recommend that the Clerk require the fiscal agent bank to pledge additional collateral and monitor balances to ensure that the amount of security is equal to or greater than one hundred percent of deposits at all times.

Management's Response: The fiscal agent bank has been contacted and additional collateral was pledged shortly after June 30, 2010. This condition was caused by a bank error. The fiscal agent bank incorrectly classified a new account that was opened as a commercial account instead of a public fund account. As a result, this account was not included in the monthly pledged securities calculation by the fiscal agent bank.

Tangipahoa Parish Clerk of Court  
Amite, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2010

<u>Ref. #</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Plan Corrective Action / Partial Corrective Action Taken</u>
<u>Internal Control</u>				
05-04	June 30, 2005	Subsidiary Ledger for Advanced Deposit Fund	Partial	Significant progress made, but reconciliation differences still exist.
<u>Compliance Findings</u>				
09-01	June 30, 2009	Collection of Unallowed Civil Fees	Partial	Management no longer collecting administrative or closeout fees

# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

Member  
American Institute of CPAs  
Society of Louisiana CPAs

John N. Durnin, CPA  
Dennis E. James, CPA  
Lyle E. Lambert, CPA

Paul M. Riggs, Jr., CPA  
Lynn N. Threeton, CPA  
Robert W. Thompson, CPA

December 15, 2010

## Management Letter

The Honorable Julian E. Dufreche  
Tangipahoa Parish Clerk of Court  
Amite, Louisiana

In planning and performing our audit of the financial statements of the Tangipahoa Parish Clerk of Court for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the Tangipahoa Parish Clerk of Court's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tangipahoa Parish Clerk of Court's internal control.

During our audit, we became aware of a matter that could represent an opportunity to increase revenues of the Tangipahoa Parish Clerk of Court. Our comments and suggestions regarding this matter are noted below. A separate letter dated December 15, 2010, contains our communication of significant deficiencies in the Tangipahoa Parish Clerk of Court's internal control. This letter does not affect our report dated December 15, 2010, on the financial statements of the Tangipahoa Parish Clerk of Court.

### 10-02 – Underpayment of Interest on Bank Account

During our testing of interest income received from the Tangipahoa Parish Clerk of Court's fiscal agent bank computed under the terms of the fiscal agency contract, we noted that the fiscal agent bank underpaid interest to the Tangipahoa Parish Clerk of Court from July 1, 2004, through November 15, 2007. The fiscal agent bank discovered the error in late 2007 and calculated the underpaid interest to be \$13,124.02. The fiscal agent bank made five equal payments from February 2008 through June 2008 to repay the Tangipahoa Parish Clerk of Court without interest. However, in testing the fiscal agent bank's calculations we found several errors and accrued interest on all underpayments noted that result in an additional \$17,621.74 being due to the Clerk from the fiscal agent bank.

We recommend that the Tangipahoa Parish Clerk of Court meet with representatives of the fiscal agent bank to collect any additional amounts due including interest as soon as possible. We further recommend that Tangipahoa Parish Clerk of Court personnel review the fiscal agent bank's interest calculation and posting on a regular basis.

**Management's Response:** Management has scheduled a meeting with representatives of the fiscal agent bank to review the underpayment calculations and to collect all underpaid interest plus all accrued interest that may be due on those underpayments.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various Tangipahoa Parish Clerk of Court personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study on the matter, or to assist you in implementing the recommendations.

The Honorable Julian E. Dufreche  
Tangipahoa Parish Clerk of Court  
December 15, 2010

This report is intended solely for the information and use of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Dumin & James, CPAs*

Dumin & James, CPAs  
(A Professional Corporation)